



SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-455, OMB Control No. 3235-0514]

Submission for OMB Review; Comment Request; Extension: Rule 8c-1

Upon Written Request, Copies Available From:

Securities and Exchange Commission

Office of FOIA Services

100 F Street, NE

Washington, DC 20549-2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 8c-1 (17 CFR 240.8c-1), under the Securities Exchange Act of 1934 (“Exchange Act”) (15 U.S.C. 78a et seq.).

Rule 8c-1 generally prohibits a broker-dealer from using its customers’ securities as collateral to finance its own trading, speculating, or underwriting transactions. More specifically, Rule 8c-1 states three main principles: (1) a broker-dealer is prohibited from commingling the securities of different customers as collateral for a loan without the consent of each customer; (2) a broker-dealer cannot commingle customers’ securities with its own securities under the same pledge; and (3) a broker-dealer can only pledge its customers’ securities to the extent that customers are in debt to the broker-dealer. Additionally, Rule 8c-1 requires broker-dealers to make certain written notifications to pledgees in connection with such use of customer securities as collateral.¹

¹ See Exchange Act Release No. 2690 (November 15, 1940); Exchange Act Release No. 9428 (December 29, 1971).

The information required by Rule 8c-1 is necessary for the execution of the Commission's mandate under the Exchange Act to prevent broker-dealers from hypothecating or arranging for the hypothecation of any securities carried for the account of any customer under certain circumstances. In addition, the information required by Rule 8c-1 provides important investor protections.

There are approximately 43 respondents as of the end of 2022 (i.e., broker-dealers that conducted business with the public, filed Part II of the FOCUS Report, did not claim an exemption from the Reserve Formula computation, and reported that they had a bank loan during at least one quarter of the current year). Each respondent makes an estimated 45 annual responses, for an aggregate total of approximately 1,935 responses per year.² Each response takes approximately 0.5 hours to complete. Therefore, the total third-party disclosure burden per year is approximately 968 hours.³

The retention period for the recordkeeping requirement under Rule 8c-1 is three years. The recordkeeping requirement under Rule 8c-1 is mandatory to ensure that broker-dealers do not commingle their securities or use them to finance the broker-dealers' proprietary business. This rule does not involve the collection of confidential or personal identifiable information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information

² 43 respondents x 45 annual responses = 1,935 aggregate total of annual responses.

³ 1,935 responses x 0.5 hours = 967.5 hours, rounded up to 968 hours.

collection should be sent by [INSERT DATE 30 DAYS AFTER DATE OF

PUBLICATION OF THIS NOTICE IN THE FEDERAL REGISTER] to

(i) www.reginfo.gov/public/do/PRAMain and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street, NE, Washington, DC 20549, or by sending an e-mail to: PRA_Mailbox@sec.gov.

Dated: May 8, 2023.

Sherry R. Haywood,

Assistant Secretary.

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